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# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

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### Division of Oil, Gas and Mining

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Outgoing  
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#3703  
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December 7, 2010

Dave Shaver, Resident Agent  
Genwal Resources, Inc.  
P.O. Box 910  
East Carbon, Utah 84520-0910

Subject: Division Order 10A Response (Task ID #3703), Division Order 10A Response, Paragraph IV, Item 2 (Task ID #3704), Genwal Resources, Inc., Crandall Canyon Mine, C/015/0032, Outgoing File

Dear Mr. Shaver:

On November 30, 2010, the Division of Oil, Gas and Mining (the Division) received two proposed amendments to the Crandall Canyon Mining and Reclamation Plan (MRP) from Genwal Resources Inc. (the Permittee). The two amendments are in response to Division Order 10A (DO-10A), dated August 16, 2010 and the Revised Stipulation, dated November 4, 2010.

For purposes of tracking, the amendments were assigned Task ID #'s of #3703 and #3704. Task ID #3703 includes proposed changes to Appendix 7-65 of the MRP pursuant to DO-10A, Paragraph IV, Item 1. Task ID #3704 includes proposed changes to Appendix 7-15 of the MRP pursuant to DO-10A, Paragraph IV, Item 2.

Item IV of DO-10A ordered Genwal to complete the following by October 31, 2010:

1. Amend the MRP to reflect the current operations, especially the "operational" treatment measures and facilities associated with the ongoing mine-water discharge, including all aspects of the treatment process with associated costs (capital, operations, maintenance) and as-built drawings. (R645-3 03-212)
2. Revise the Probable Hydrologic Consequences (PHC) determination in the MRP to reflect current conditions for the Crandall Canyon Mine. The new PHC must address the impact to water quantity and quality and aquatic habitat. It must also include water-monitoring recommendations, and describe how water-monitoring data will be used.



The deadline for completing these items was extended to November 30, 2010 by a stipulation entered on November 4, 2010.

A review by Division staff has identified deficiencies that must be addressed in order to meet the requirements of DO-10A. The discussion below serves to identify major deficiencies for each of the components required under Items 1 and 2 of DO-10A, Paragraph IV.

Requirement 1: *Amend the MRP to reflect the current operations, especially the "operational" treatment measures and facilities associated with the ongoing mine-water discharge, including all aspects of the treatment process with associated costs (capital, operations, maintenance) and as-built drawings.*

Deficiencies:

- The amendment does not provide costs for capital, operations, and maintenance of the treatment system. The costs submitted are simply a tabulation of subcontractor invoice amounts.
- As built drawings in MRP Appendix 7-65 Attachment 8 have not been updated/deleted as appropriate, nor have detailed descriptions of the treatment system been provided.
- Irrelevant or erroneous information in Appendix 7-65 Attachments 2 and 5 have not been removed or corrected
- Specific treatment chemicals and their specific application rates have not been identified.
- No sludge disposal location has been identified other than the Wildcat Loadout, which is in the process of being transferred by Murray Energy to IPA

Requirement 2: *Revise the Probable Hydrologic Consequences (PHC) determination in the MRP to reflect current conditions for the Crandall Canyon Mine. The new PHC must address the impact to water quantity and quality and aquatic habitat. It must also include water-monitoring recommendations, and describe how water-monitoring data will be used.*

Deficiencies:

- The revised PHC is internally inconsistent with respect to the magnitude and potential source of the sustained groundwater inflows to the mine.
- The revisions to the PHC do not incorporate any monitoring data collected since the previous revision (1995).
- The revised PHC does not include baseline data and discussion that characterizes the nature of the groundwater system currently being intercepted in the mine.
- The revised PHC fails to adequately describe the potential impacts of intercepting the groundwater (e.g. the potential for State Appropriated Water Rights to be impacted by the interception of the groundwater).

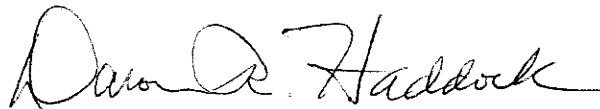
- The revised PHC does not adequately address the potential impacts of utilizing a chemical process (i.e. flocculent and coagulant) in reducing the iron levels from the mine water.
- The revised PHC does not adequately address potential impacts from sustained mine water discharge into Crandall Creek (e.g. alterations to stream channel morphology, aquatic habitat etc.)

In the Introduction of their Reply Brief Opposing Perpetual Bonding in Division Order DO-10A filed December 1, 2010, Genwal states that they have "*fully complied with the Order to implement extensive additional monitoring, conduct treatability and feasibility testing, modify its statement of Probable Hydrologic Consequences and update its Mining and Reclamation Plan to reflect the current mine discharge and treatment works.*" Based on the deficiencies identified above, the amendments from Genwal (responding to selected requirements of DO-10A) have not "*fully complied*" with the Order and are being returned deficient.

Division Order DO-10A has not been complied with and is still in effect. Please address the aforementioned deficiencies by no later than December 23, 2010 in order to avoid enforcement action.

If you have any questions, please feel free to call me at (801) 538-5325 or Steve Christensen at (801) 538-5350.

Sincerely,



Daron Haddock  
Permit Supervisor

DRH/SKC/ss

cc: Steve Alder  
Denise Dragoo

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